



Bob Sahr, Chair
Gary Hanson, Vice-Chair
Jim Burg, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

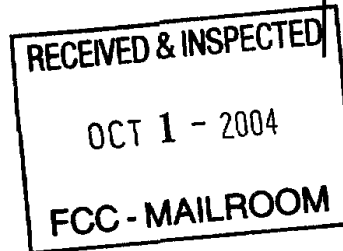
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September 30, 2004



✓ Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

DOCKET FILE COPY ORIGINAL

Irene Flannery
Universal Service Administrative Company
2000 L Street, NW - Suite 200
Washington, DC 20036

Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch and Ms. Flannery:

Pursuant to section 214(e)(2) of the Communications Act of 1934, as amended, and 47 C.F.R. section 54.201, the South Dakota Public Utilities Commission (SDPUC) has designated Hills Telephone Company, Inc. (Hills) as an Eligible Telecommunications Carrier (ETC). Hills was designated as an ETC in South Dakota for the following rural exchanges:

Valley Springs
North Larchwood
East Valley Springs

This designation is contingent upon the completion of the sale of these exchanges by Sioux Valley Telephone Company to Hills Telephone Company.

A copy of the order is enclosed.

If additional information is required, please do not hesitate to call.

Sincerely,

Rolayne Ailts Wiest
ROLAYNE AILTS WIEST
Commission Attorney

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OCT 1 - 2004

FCC - MAILROOM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY HILLS)	ORDER GRANTING
TELEPHONE COMPANY, INC. FOR)	ELIGIBLE
DESIGNATION AS AN ELIGIBLE)	TELECOMMUNICATIONS
TELECOMMUNICATIONS CARRIER AND FOR)	DESIGNATION
CERTIFICATION REGARDING ITS USE OF)	TC04-204
FEDERAL UNIVERSAL SERVICE SUPPORT	

On September 21, 2004, the Public Utilities Commission (Commission) received a request for designation as an eligible telecommunications carrier (ETC) from Hills Telephone Company, Inc. (Hills). Hills stated that it has "entered into an Agreement for the Purchase and Sale of Telephone Exchanges (the "Purchase Agreement") with Sioux Valley Telephone Company ("Sioux Valley") providing for the purchase and sale of the Valley Springs, North Larchwood, and East Valley Springs local telephone exchanges (collectively the "Valley Springs Exchanges") by Hills from Sioux Valley." This transaction will be completed when all of the regulatory approvals have been obtained. Hills further explained that "[t]he Valley Springs Exchanges are currently operated by Sioux Valley and are part of Sioux Valley's existing South Dakota study area. Sioux Valley has been designated as an ETC in its existing study area. Hills has petitioned the FCC for the creation of a new study area for Hills in South Dakota. Following the closing of the sale of the Valley Springs Exchanges, Sioux Valley will cease to serve as the LEC in the Valley Springs Exchanges. Hills will then begin serving as the LEC using the same facilities and offering the same services as those previously used and offered by Sioux Valley." Hills requested designation as an eligible telecommunications carrier within the Valley Springs Exchanges.

On September 23, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 28, 2004, to interested individuals and entities. No person or entity filed to intervene.

Pursuant to 47 U.S.C. § 214(e)(2), the Commission is required to designate a common carrier that meets the requirements of section 214(e)(1) as an ETC for a service area designated by the Commission. Pursuant to 47 U.S.C. § 214(e)(1), a common carrier that is designated as an ETC is eligible to receive universal service support and shall, throughout its service area, offer the services that are supported by federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services. The carrier must also advertise the availability of such services and the rates for the services using media of general distribution.

The Federal Communications Commission (FCC) has designated the following services or functionalities as those supported by federal universal service support mechanisms: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equal; (4) single party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers. 47 C.F.R. § 54.101(a).

As part of its obligations as an ETC, an ETC is required to make available Lifeline and Link Up services to qualifying low-income consumers. 47 C.F.R. § 54.405; 47 C.F.R. § 54.411.

Hills stated in its Petition that it will provide the following services to all of its customers in the Valley Springs Exchanges for which it seeks ETC designation:

1. Voice grade access to the public switched network;
2. Local exchange service, including an amount of local usage free of per minute charges under a flat-rated local service package;
3. Dual tone multi-frequency signaling;
4. Single party service;
5. Access to emergency services such as 911 or Enhanced 911 public services when such services are available;
6. Access to operator services;
7. Access to interexchange services;
8. Access to directory assistance; and
9. Toll block service to qualified low-income consumers.

With respect to the obligation to advertise the availability of services supported by the federal universal service support mechanism and the charges for those services using media of general distribution, Hills stated that it will advertise the availability of its local exchange services in media of general distribution in the Valley Springs Exchanges for which it seeks ETC designation. Hills stated it will offer the Lifeline and Link Up service discounts in the Valley Springs Exchanges.

At its September 30, 2004, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 214. The Commission finds that Hills will provide the following services or functionalities throughout the Valley Springs Exchanges: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling; (4) single-party service; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll blocking for qualifying low-income consumers.

The Commission finds that Hills intends to provide Lifeline and Link Up programs to qualifying customers throughout the Valley Springs Exchanges consistent with state and federal rules and orders.

The Commission finds that Hills shall advertise the availability of the services supported by the federal universal service support mechanism and the charges therefor throughout its service area using media of general distribution once each year.

The Commission designates Hills as an ETC for the Valley Springs Exchanges contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. It is therefore

ORDERED, that Hills is designated as an ETC for the Valley Springs Exchanges as listed above, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley; it is

FURTHER ORDERED, that Hills shall follow the advertising requirements as listed above.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: *Neilene Kalbo*

Date: *9/30/04*

(OFFICIAL SEAL.)

BY ORDER OF THE COMMISSION:

Robert K. Sahr

ROBERT K. SAHR, Chairman

Gary Hanson

GARY HANSON, Commissioner

James A. Burg

JAMES A. BURG, Commissioner



Bob Sahr, Chair
Gary Hanson, Vice-Chair
Jim Burg, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

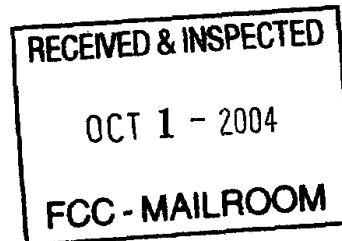
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September 30, 2004



✓ Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

DOCKET FILE COPY ORIGINAL

Irene Flannery
Universal Service Administrative Company
2000 L Street, NW - Suite 200
Washington, DC 20036

Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch and Ms. Flannery:

Pursuant to section 214(e)(2) of the Communications Act of 1934, as amended, and 47 C.F.R. section 54.201, the South Dakota Public Utilities Commission (SDPUC) has designated Black Hills FiberCom, L.L.C. (FiberCom) as an Eligible Telecommunications Carrier (ETC). FiberCom was designated as an ETC in South Dakota for certain service areas of Qwest Corporation, a nonrural carrier. The service areas are:

Belle Fourche
Black Hawk
Lead/Deadwood
Spearfish
Sturgis
Whitewood

A copy of the order is enclosed.

If additional information is required, please do not hesitate to call.

Sincerely,

Rolayne Ailts Wiest

ROLAYNE AILTS WIEST
Commission Attorney

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

RECEIVED & INSPECTED

OCT 1 - 2004

FCC - MAILROOM

IN THE MATTER OF THE FILING BY BLACK)	ORDER GRANTING
HILLS FIBERCOM, L.L.C. FOR DESIGNATION)	ELIGIBLE
AS AN ELIGIBLE TELECOMMUNICATIONS)	TELECOMMUNICATIONS
CARRIER AND FOR CERTIFICATION)	DESIGNATION
REGARDING ITS USE OF FEDERAL)	TC04-133
UNIVERSAL SERVICE SUPPORT)	

On July 19, 2004, the Public Utilities Commission (Commission) received a Petition for Designation as an Eligible Telecommunications Carrier from Black Hills FiberCom, L.L.C. (FiberCom). On September 23, 2004, the Commission received an Amendment to Petition for Designation as an Eligible Telecommunications Carrier from FiberCom. On September 28, 2004, the Commission received a Second Amendment to Petition for Designation as an Eligible Telecommunications Carrier from FiberCom. FiberCom sought designation as an eligible telecommunications carrier (ETC) for certain Qwest Corporation (Qwest) service areas. FiberCom filed its Petition, Amendment to Petition and Second Amendment to Petition on Qwest Corporation and other interested carriers.

On July 22, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of August 6, 2004, to interested individuals and entities. No person or entity filed to intervene.

Pursuant to 47 U.S.C. § 214(e)(2), the Commission is required to designate a common carrier that meets the requirements of section 214(e)(1) as an ETC for a service area designated by the Commission. Pursuant to 47 U.S.C. § 214(e)(1), a common carrier that is designated as an ETC is eligible to receive universal service support and shall, throughout its service area, offer the services that are supported by federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services. The carrier must also advertise the availability of such services and the rates for the services using media of general distribution.

The Federal Communications Commission (FCC) has designated the following services or functionalities as those supported by federal universal service support mechanisms: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equal; (4) single party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers. 47 C.F.R. § 54.101(a).

As part of its obligations as an ETC, an ETC is required to make available Lifeline and Link Up services to qualifying low-income consumers. 47 C.F.R. § 54.405; 47 C.F.R. § 54.411.

FiberCom stated in its Petition that it will provide the following services to all of its customers in the Qwest service areas for which it seeks ETC designation:

1. Voice grade access to the public switched network;
2. Local exchange service, including an amount of local usage free of per minute charges under a flat-rated local service package;
3. Dual tone multi-frequency signaling;
4. Single party service;
5. Access to emergency services such as 911 or Enhanced 911 public services when such services are available;
6. Access to operator services;
7. Access to interexchange services;
8. Access to directory assistance; and
9. Toll block service to qualified low-income consumers.

With respect to the obligation to advertise the availability of services supported by the federal universal service support mechanism and the charges for those services using media of general distribution, FiberCom stated that it will advertise the availability of its local exchange services in media of general distribution in the Qwest service areas for which it seeks ETC designation. FiberCom stated it will offer the Lifeline and Link Up service discounts in the Qwest service areas for which it seeks ETC designation.

Pursuant to its Amendment to Petition, FiberCom requested ETC status in the following Qwest service areas: Belle Fourche; Black Hawk; Lead/Deadwood; Spearfish; Sturgis; and Whitewood.

At its September 30, 2004, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 214. The Commission finds that FiberCom will provide the following services or functionalities throughout the Qwest service areas for which it seeks ETC designation: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling; (4) single-party service; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll blocking for qualifying low-income consumers.

The Commission finds that FiberCom intends to provide Lifeline and Link Up programs to qualifying customers throughout the Qwest service areas for which it seeks ETC designation consistent with state and federal rules and orders.

The Commission finds that FiberCom shall advertise the availability of the services supported by the federal universal service support mechanism and the charges therefor throughout its service area using media of general distribution once each year.

The Commission designates FiberCom as an ETC for the Qwest service areas as listed above. It is therefore

ORDERED, that FiberCom is designated as an ETC for the Qwest service areas as listed above; it is

FURTHER ORDERED, that FiberCom shall follow the advertising requirements as listed above.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Melanie Kolbo</u>
Date:	<u>9/30/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner



Bob Sahr, Chair
Gary Hanson, Vice-Chair
Jim Burg, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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September 30, 2004

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street S.W., Room TW-A306
Washington, DC 20554

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Ms. Irene Flannery
Universal Service Administrative Company
2000 L Street N.W., Suite 200
Washington, DC 20036

DOCKET FILE COPY ORIGINAL

Re: CC Docket No. 96-45

Annual State Certification of Support for Rural Carriers and Non-Rural Carriers

Dear Ms. Dortch and Ms. Flannery:

The South Dakota Public Utilities Commission (Commission) hereby states that the following rural and non-rural incumbent local exchange carriers and/or eligible telecommunications carriers within its jurisdiction have been certified to receive support pursuant to 47 CFR §§ 54.301, 54.305, 54.307, and/or 54.309 and/or part 36, subpart F. The carriers listed below filed requests for certification with the Commission which support their affirmations that all federal high-cost support provided to them will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with section 254(e) of the Communications Act.

The Commission has granted certification to the following rural incumbent local exchange carriers and/or eligible telecommunications carriers:

Dickey Rural Communications, Inc. (381611) (co. no. 1681)
Dickey Rural Telephone Cooperative (381611) (co. no. 1611)
Farmers Mutual Telephone Company (361389)
Hills Telephone Company, Inc. (Contingent upon completion of sale of exchanges by Sioux Valley Telephone Company to Hills Telephone - See enclosed order.)

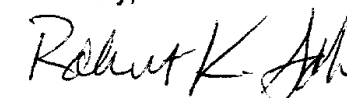
The Commission has granted certification to the following non-rural eligible telecommunications carriers:

Black Hills FiberCom, L.L.C. (competitive ETC)
Midcontinent Communications (competitive ETC)

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Enclosed are the Orders Granting Certification to the above-referenced rural and non-rural incumbent local exchange carriers and/or eligible telecommunications carriers. Should you have any questions, please do not hesitate to contact us for further information.

Sincerely,



Robert K. Sahr
Chairman



Gary Hanson
Commissioner



James A. Burg
Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

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OCT 1 - 2004
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IN THE MATTER OF THE REQUEST OF)	ORDER GRANTING
DICKEY RURAL COMMUNICATIONS, INC. FOR)	CERTIFICATION
CERTIFICATION REGARDING ITS USE OF)	
FEDERAL UNIVERSAL SERVICE SUPPORT)	TC04-195

On May 23, 2001, the Federal Communications Commission (FCC) released an Order concerning the federal universal service support mechanism for rural carriers.¹ This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 § C.F.R. 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, a state that desires rural carriers within its jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company (USAC) stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301, 54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only be made available in the future if the State Commission files the requisite certification pursuant to § 54.314.

The certification required for rural carriers to receive federal universal support for all four quarters during calendar year 2005 is currently due to be filed with the FCC and USAC on or before October 1, 2004. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the state are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

On September 7, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Dickey Rural Communications, Inc. (Company) regarding its Request for Certification Regarding its Use of Federal Universal Service Support. The purpose of this filing was to provide information constituting Company's plan for the use of its federal universal service support and to otherwise verify that Company will use all federal

¹CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Company listed estimates of the support it expected to receive from USAC as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the Request for Certification.

On September 9, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 17, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, the Commission considered this matter.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Commission unanimously voted to approve Company's Request for Certification Regarding Its Use of Federal Universal Service Support. It is therefore

ORDERED, that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. It is

FURTHER ORDERED, that the Commission approves Company's Request for Certification Regarding Its Use of Federal Universal Service Support.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

<p align="center">CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: <u><i>Neilson Kallio</i></u></p> <p>Date: <u>9/30/04</u></p> <p align="center">(OFFICIAL SEAL)</p>

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE REQUEST OF)	ORDER GRANTING
DICKEY RURAL TELEPHONE COOPERATIVE)	CERTIFICATION
FOR CERTIFICATION REGARDING ITS USE)	
OF FEDERAL UNIVERSAL SERVICE)	TC04-194
SUPPORT)	

On May 23, 2001, the Federal Communications Commission (FCC) released an Order concerning the federal universal service support mechanism for rural carriers.¹ This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 § C.F.R. 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, a state that desires rural carriers within its jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company (USAC) stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301, 54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only be made available in the future if the State Commission files the requisite certification pursuant to § 54.314.

The certification required for rural carriers to receive federal universal support for all four quarters during calendar year 2005 is currently due to be filed with the FCC and USAC on or before October 1, 2004. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the state are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

On September 7, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Dickey Rural Telephone Cooperative (Company) regarding its Request for Certification Regarding its Use of Federal Universal Service Support. The purpose of this filing was to provide information constituting Company's plan for the use

¹CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

of its federal universal service support and to otherwise verify that Company will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Company listed estimates of the support it expected to receive from USAC as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the Request for Certification.

On September 9, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 17, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, the Commission considered this matter.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Commission unanimously voted to approve Company's Request for Certification Regarding Its Use of Federal Universal Service Support. It is therefore

ORDERED, that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. It is

FURTHER ORDERED, that the Commission approves Company's Request for Certification Regarding Its Use of Federal Universal Service Support.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u><i>Debra K. Sahr</i></u>
Date:	<u>9/30/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner

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OCT 1 - 2004

FCC - MAILROOM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE REQUEST OF)
FARMERS MUTUAL TELEPHONE COMPANY)
FOR CERTIFICATION REGARDING ITS USE)
OF FEDERAL UNIVERSAL SERVICE)
SUPPORT)

**ORDER GRANTING
CERTIFICATION**

TC04-198

On May 23, 2001, the Federal Communications Commission (FCC) released an Order concerning the federal universal service support mechanism for rural carriers.¹ This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 § C.F.R. 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, a state that desires rural carriers within its jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company (USAC) stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301, 54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only be made available in the future if the State Commission files the requisite certification pursuant to § 54.314.

The certification required for rural carriers to receive federal universal support for all four quarters during calendar year 2005 is currently due to be filed with the FCC and USAC on or before October 1, 2004. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the state are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

On September 16, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Farmers Mutual Telephone Company (Company) regarding its Request for Certification Regarding its Use of Federal Universal Service Support. The purpose of this filing was to provide information constituting Company's plan

¹CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

for the use of its federal universal service support and to otherwise verify that Company will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Company listed estimates of the support it expected to receive from USAC as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the Request for Certification.

On September 17, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 24, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, the Commission considered this matter.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Commission unanimously voted to approve Company's Request for Certification Regarding Its Use of Federal Universal Service Support. It is therefore

ORDERED, that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. It is

FURTHER ORDERED, that the Commission approves Company's Request for Certification Regarding Its Use of Federal Universal Service Support.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Melanie Kalbs</u>
Date:	<u>9/30/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner

RECEIVED & INSPECTED

OCT 1 - 2004

FCC - MAILROOM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY HILLS)
TELEPHONE COMPANY, INC. FOR)
DESIGNATION AS AN ELIGIBLE)
TELECOMMUNICATIONS CARRIER AND FOR)
CERTIFICATION REGARDING ITS USE OF)
FEDERAL UNIVERSAL SERVICE SUPPORT)

ORDER GRANTING
CERTIFICATION

TC04-204

On May 23, 2001, the Federal Communications Commission (FCC) released an Order concerning the federal universal service support mechanism for rural carriers.¹ This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 § C.F.R. 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, a state that desires rural carriers within its jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company (USAC) stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301, 54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only be made available in the future if the State Commission files the requisite certification pursuant to § 54.314.

The certification required for rural carriers to receive federal universal support for all four quarters during calendar year 2005 is currently due to be filed with the FCC and USAC on or before October 1, 2004. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the state are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

On September 21, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Hills Telephone Company, Inc. (Hills) requesting designation as an eligible telecommunications carrier and requesting certification

¹CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

regarding its use of federal universal service support. Hills stated that it has "entered into an Agreement for the Purchase and Sale of Telephone Exchanges (the "Purchase Agreement") with Sioux Valley Telephone Company ("Sioux Valley") providing for the purchase and sale of the Valley Springs, North Larchwood, and East Valley Springs local telephone exchanges (collectively the "Valley Springs Exchanges") by Hills from Sioux Valley." This transaction will be completed when all of the regulatory approvals have been obtained. Hills further explained that "[t]he Valley Springs Exchanges are currently operated by Sioux Valley and are part of Sioux Valley's existing South Dakota study area. Sioux Valley has been designated as an ETC in its existing study area. Hills has petitioned the FCC for the creation of a new study area for Hills in South Dakota. Following the closing of the sale of the Valley Springs Exchanges, Sioux Valley will cease to serve as the LEC in the Valley Springs Exchanges. Hills will then begin serving as the LEC using the same facilities and offering the same services as those previously used and offered by Sioux Valley."

The purpose of the filing regarding certification was to provide information constituting Hills' plan for the use of its federal universal service support and to otherwise verify that Hills will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Hills listed estimates of the support it expected to receive from USAC as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the request for certification. Hills requested that "the Commission issue a finding that Hills has met the high-cost certification requirement and that Hills is, therefore, entitled to begin receiving USF support as of the date of the closing of the transactions contemplated in the Purchase Agreement in order that funding will not be delayed."

On September 23, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 28, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, the Commission considered this matter.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that Hills is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. However, this certification is contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. The Commission unanimously voted to approve Hills' request for certification, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. It is therefore

ORDERED, that the Hills is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for

which the support is intended. It is

FURTHER ORDERED, that the Commission approves Hills' request for certification, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley .

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: *Neilene Kallio*

Date: *9/30/04*

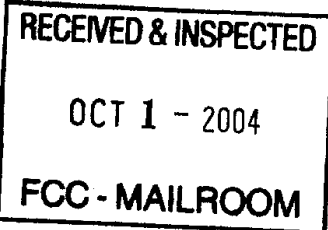
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY BLACK)
HILLS FIBERCOM, L.L.C. FOR DESIGNATION)
AS AN ELIGIBLE TELECOMMUNICATIONS)
CARRIER AND FOR CERTIFICATION)
REGARDING ITS USE OF FEDERAL)
UNIVERSAL SERVICE SUPPORT)

**ORDER GRANTING
CERTIFICATION**

TC04-133

On July 19, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Black Hills FiberCom, L.L.C. (Company) regarding its request for designation as an eligible telecommunications carrier. On September 28, 2004, the Commission received a second amendment to the filing requesting certification regarding its use of federal universal service support. The purpose of the second amendment was to provide information constituting Company's plan for the use of its federal universal service support and to otherwise verify that Company will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Company listed estimates of the support it expected to receive from the Universal Service Administrative Company (USAC) as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the Request for Certification.

Pursuant to 47 C.F.R. § 54.313, a state that desires an eligible telecommunications carrier serving lines within the service area of an incumbent non-rural carrier to receive future federal universal service support must file an annual certification with the Federal Communications Commission and USAC stating that federal high cost support provided to such carrier within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support. Support provided under FCC rules will only be made available if the State Commission files the requisite certification pursuant to § 54.313.

On July 22, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of August 6, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Commission unanimously voted to approve Company's Request for Certification Regarding Its Use of Federal Universal Service Support. It is therefore

ORDERED, that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. It is

FURTHER ORDERED, that the Commission approves Company's Request for Certification Regarding Its Use of Federal Universal Service Support.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u><i>Melanie Kalho</i></u>
Date:	<u>9/30/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE REQUEST OF)	ORDER GRANTING
MIDCONTINENT COMMUNICATIONS FOR)	CERTIFICATION
CERTIFICATION REGARDING ITS USE OF)	
FEDERAL UNIVERSAL SERVICE SUPPORT)	TC04-197

On September 15, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Midcontinent Communications Corporation (Company) regarding its Request for Certification Regarding its Use of Federal Universal Service Support. The purpose of this filing was to provide information constituting Company's plan for the use of its federal universal service support and to otherwise verify that Company will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Company listed estimates of the support it expected to receive from the Universal Service Administrative Company (USAC) as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the Request for Certification.

Pursuant to 47 C.F.R. § 54.313, a state that desires an eligible telecommunications carrier serving lines within the service area of an incumbent non-rural carrier to receive future federal universal service support must file an annual certification with the Federal Communications Commission and USAC stating that federal high cost support provided to such carrier within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support. Support provided under FCC rules will only be made available if the State Commission files the requisite certification pursuant to § 54.313.

On September 17, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 24, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, the Commission considered this matter.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Commission unanimously voted to approve Company's Request for Certification Regarding Its Use of Federal Universal Service Support. It is therefore

ORDERED, that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and

services for which the support is intended. It is

FURTHER ORDERED, that the Commission approves Company's Request for Certification Regarding Its Use of Federal Universal Service Support.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Delaine Kalbo</u>
Date:	<u>9/30/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner

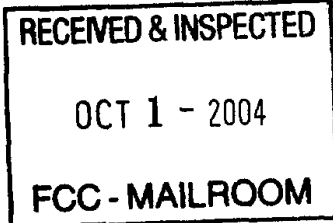
112 State Street
Drawer 20
Montpelier, VT 05620-2701
Tel.: (802) 828-2358



TTY/TDD (VT): 1-800-734-8390
Fax: (802) 828-3351
E-Mail: clerk@psb.state.vt.us
Internet: http://www.state.vt.us/psb

**State of Vermont
Public Service Board**

September 29, 2004



Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445-12th Street, SW
Washington, DC 20554

Irene Flannery, Vice President
Universal Service Administrative Company
2120 L Street, NW, Suite 600
Washington, DC 20037

DOCKET FILE COPY ORIGINAL

Re: CC Docket 96-45 - Annual Certification for Federal Support

Dear Secretary Dortch and Administrator Flannery:

In accordance with 47 CFR §§ 54.313 and 54.314, I certify that all federal high-cost funds flowing to the following eleven companies operating in Vermont will be used in 2005 in a manner consistent with 47 U.S.C. § 254(e) for the provision, maintenance, and upgrading of facilities and services for which support is intended.

Nonrural

1. Verizon New England Inc. (formerly New England Telephone and Telegraph Company), d/b/a Verizon Vermont (SAC 145115).

Rural

2. Franklin Telephone Company (SAC 140053).
3. Ludlow Telephone Company (SAC 140058).
4. Northfield Telephone Company (SAC 140061).
5. Perkinsville Telephone Company (SAC 140062).
6. Shoreham Telephone Company, Inc. (SAC 140064).
7. Topsham Telephone Company, Inc. (SAC 140068).
8. Waitsfield-Fayston Telephone Company, Inc., d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom (SAC 140069).
9. STE/NE Acquisition Corp., d/b/a Northland Telephone Company of Vermont, d/b/a Fairpoint New England (SAC 143331).

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10. Vermont Telephone Company, Inc., d/b/a VTel (SAC 147332).

Competitive

11. RCC Atlantic, Inc., d/b/a Unicel (SAC 149001).

Verizon Vermont is the only nonrural incumbent eligible telecommunications carrier in Vermont. Federal support to Verizon Vermont will be used in two ways:

1. An amount equal to support received in 1999 has been incorporated into the calculation of the company's overall rates. This base amount will continue to support lower rates for basic service in the coming year.
2. The remaining federal support will be distributed through an explicit credit for residential and business customers. Pursuant to a 1999 agreement reached between Verizon Vermont and the Vermont Department of Public Service, each Verizon Vermont residential and business customer will receive a monthly credit on his or her bill titled "Federal Universal Service High Cost Fund Credit." The credit amounts will be set to fully distribute the expected additional federal support to be received by Verizon Vermont in the coming year. As the end of the year approaches, if the projected support amount does not equal the initial estimate, a final adjustment will be made to the credit amounts. Currently the residential monthly credit is \$1.57 per line.

All federal support given to the remaining carriers (#2 through #11) will be available as revenue to the receiving companies. We require all of these companies periodically to file information pertaining to their receipt of federal support, as well as other information that suggests how the federal funds are used.

Section 54.316 of the rules establish a new requirement. This Board is now required annually to address residential rates in rural areas of the state served by Verizon Vermont. We must review the comparability of those rates to urban rates nationwide, and to certify whether the rates are reasonably comparable. States may use a safe harbor by presuming that the residential rates in rural areas served by Verizon Vermont are reasonably comparable to urban rates nationwide if they are below \$34.16. If a state does not rely on the safe harbor provision, or if the state certifies that the rates are not reasonably comparable, the state must fully explain its rate comparability analysis and provide data supporting its certification, including but not limited to residential rate data for rural areas within the state served by non-rural ILECs. If a state certifies that the rates are not reasonably comparable, it must also explain why the rates are not reasonably

comparable and explain what action it intends to take to achieve rate comparability. Further details on this certification are found in the FCC's Remand Order, issued in October of 2003.¹

The Vermont Public Service Board has conducted the required review. We have collected rate data for "rural areas of the state" served by Verizon Vermont, our only nonrural carrier. The Remand Order defined this as "any non-metropolitan county or county-equivalent, as identified by the Office of Management and Budget." Para. 83. Fortunately, this definition is irrelevant because Verizon Vermont charges the same rates in all parts of Vermont. Therefore rates data collected for the state as a whole are exactly equal to the rates in our "rural areas" as defined in the rule.

The FCC rule does not explain in detail how rates are to be measured. This is an essential question because Verizon Vermont imposes Local Measured Service (LMS) charges. The Vermont Public Service Board filed comments in Docket 96-45 on the Commission's Further Notice of Proposed Rulemaking (FCC No. 03-249). Those comments stated that:

If the Commission goes forward with its new concept of rates-based support, rate data must be valid and reliable. This requires the Commission to collect additional data, beyond nominal rates, that affect the burden of paying for local exchange service as well as the value of that service. Oversimplified rate information can underestimate the real burden on consumers and can create perverse incentives for states and carriers. If the Commission does not solve the methodological problems, . . . nationwide rate data would be at best highly random and at worst misleading and arbitrary. . . . To develop valid and reliable local rate data it should make five adjustments: usage-sensitive charges; local calling area size; customer option plans; local/toll balance; and business/residential balance. Vermont PSB Comments of 1/14/04 at 3-4.

Our comments showed that adjusting for usage-sensitive charges were the most important adjustment because the Commission's standard measurement technique, using 500 minutes of calling, substantially underestimates current usage. The 500 minute standard used in the Commission's *Reference Book* assumes that the average customer will use the local network 16.7

¹ *Federal-State Joint Board on Universal Service, Order on Remand, Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order, adopted Oct. 16, 2003.*

minutes per day. Our Verizon-Vermont data showed that the average customer spends an average of 49 minutes per day on local calls, almost three times as much as that assumed in the Reference Book. Nationally, ARMIS data show that the average customer makes eight calls per day, and spends 62 minutes per day on local calls. In reply comments, we showed that, based on newer data, the Verizon Vermont customers make an average of five calls per day, and use 42 minutes per day of local usage. Vermont PSB Comments of 2/13/04 at 4.

The Commission has not taken any action on its October, 2003 Further Notice of Proposed Rulemaking, nor on the comments this Board filed in January and February of this year. Therefore it is difficult to determine how the Commission wishes local measured service charges to be measured. Absent guidance, we have relied upon data that we believe fairly represents the rates paid for local exchange service by Verizon Vermont customers.

The amounts paid by each customer, as of July, 2004, are set out in the table contained in Attachment A. We chose to measure Verizon's residential rates at three usage levels:

1. Minimum Use. This is the amount paid by a customer who makes no local calls during the billing month and who, knowing this in advance, has selected the lowest possible rate.
2. Typical Vermont Use. This represents the amount paid by the customer who uses the telephone for 42 minutes of local calling per day during peak calling hours. This usage equals the 2002 Verizon Vermont average, or 1,260 minutes per month. The total cost, \$48.59, is capped, and the cost does not rise further with increased local usage. Therefore this is also the price that a Verizon Vermont customer would pay if he or she wanted unlimited local usage.
3. Regional Package. This represents the bill paid by a customer who subscribes to a package service that provides unlimited local calling and unlimited directory assistance.

The data show that, even considering the current federal USF credit of \$1.57 per month, residential customers of Verizon Vermont must pay at least \$48.59 to acquire a phone and to use that telephone for an average amount of local calling. A package is available at a slightly higher price that includes some additional features.

The Commission has said that a state with rural rates below the urban rate benchmark may still conclude that its rural rates are not reasonable comparable to urban rates nationwide.

Remand Order at para. 82. The Vermont Public Service Board disagrees with the use of \$34.17 as the threshold for reasonable comparability; but that does not matter to this analysis. Whether the suggested safe harbor benchmark is used or not, the Vermont Public Service Board concludes that Verizon Vermont's typical rural residential customers pay a rate that is not reasonably comparable to that of urban areas of the country.

Under the rule, a state that certifies that its rates are not reasonably comparable must "fully explain its rate comparability analysis and provide data supporting its certification, including but not limited to residential rate data for rural areas within the state served by non-rural ILECs." As explained above, residential rates for Verizon Vermont are uniform over all of Verizon Vermont's area. They therefore are the same rates that apply in any and all subsets, including "rural areas." As explained above, the relevant data are in Attachment A, and the explanation for the data is given above.

Under the rule, when a state certifies that the rates are not reasonably comparable, it must also explain why the rates are not reasonably comparable and explain what action it intends to take to achieve rate comparability. Rates for Verizon Vermont are not reasonably comparable because Verizon Vermont receives insufficient federal support from the Commission.

As the Vermont Public Service Board has argued in many filings in Docket 96-45, Verizon Vermont rates are high because Verizon Vermont serves a rural, sparsely populated area in a challenging climate and over difficult terrain. This inevitably leads to high loop, switch and transport costs, on average, across all Verizon Vermont customers.

Vermont does not contemplate any additional internal actions within the state to obtain reasonably comparable rates. The reason, quite simply, is that such actions would be largely pointless as a way of providing relief to customers. Verizon Vermont serves approximately 85 percent of wireline customers in Vermont. As noted above, Verizon rates are uniform throughout Vermont. One often-discussed possibility is a state universal service fund. Such a fund could reduce explicit local exchange rates by providing bill subsidies; but it would have to impose an additional charge in order to finance the subsidies. The result would be that almost exactly the same pool of customers would pay the same costs. Therefore the average rate, which is too high, would not be lowered. Moreover, even with such a fund, customer bills could not be any more uniform than they already are. Only the format of the monthly bill would change.

Vermont intends to continue to advocate for additional federal support. Over the last 11 years, the Vermont PSB has repeatedly argued that federal support to the customers of Verizon Vermont (and its predecessors) is insufficient and should be increased. We continue to believe that tens of thousands of Vermonters are disadvantaged, compared with similarly situated customers in other states, primarily because a majority of Vermont's rural customers are served by a large company, and federal support unfairly discriminates against such customers. We intend to continue to argue to the Commission, the courts and the Congress that the majority of Vermont's customers need additional federal support under 47 U.S.C. § 254 in order to achieve comparable rates.

Sincerely,



Michael H. Dworkin
Chairman, on behalf of
Vermont Public Service Board

cc: Lawrence Lackey (Vt. DPS)
Pamela Porell (Verizon Vermont)
Paul Phillips, Esq. (Independents)
John Marshall, Esq. (RCC)

ATTACHMENT A - VERIZON RESIDENTIAL RATES IN VERMONT

	<u>Minimum Use</u>	<u>Typical Use</u> <u>(1,260 minutes)</u>	<u>Regional Package</u>
Basic Charge	\$13.15	\$13.15	\$44.95
LMS Charges	n/a	\$26.25	n/a
High Cost Credit	(\$1.57)	(\$1.57)	(\$1.57)
Subscriber Line Charge	\$6.38	\$6.38	\$6.38
Federal USF Charge	\$0.57	\$0.57	\$0.57
Vermont USF charge *	\$0.15	\$0.48	\$0.55
State Tax	\$0.31	\$1.97	\$2.22
Federal Tax	\$0.56	\$1.36	\$1.53
Total Bill	\$19.55	\$48.59	\$54.63

Assumes "Peak" minutes only @ \$.022 per minute

VT Telecommunications Tax = 4.36%

* VT USF Surcharge = 1.27%. This fund supports E-911, Lifeline and services for the hearing impaired. It does not include any high-cost area support.

Federal Tax = 3.0%

Federal USF Surcharge = \$.57

WTC

WOLVERTON TELEPHONE CO.

P.O. BOX 129

WOLVERTON, MN 56594

(218) 995-2900

(218) 995-2902 fax

RECEIVED & INSPECTED

SEP 30 2004

FCC - MAILROOM

September 27, 2004

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 - 12th Street, SW
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Irene M. Flannery
Vice President - High Cost and Low Income Division
Universal Service Administrative Company
2120 L Street, NW Suite 600
Washington, DC 20037

Re: CC Docket No. 96-45
Interstate Common Line Support
Annual Certification Filing

This is to certify that Wolverton Telephone Company will use its Interstate Common Line Support and Long Term Support - ICLS only for the provision, maintenance, and upgrading of facilities and service for which the support is intended.

I am authorized to make this certification on behalf of the company named above. This certification is for the study area's listed below.

Wolverton Telephone Company
Wolverton Telephone Company

Minnesota 361512
North Dakota 381509

Signed,

Dated 09/27/04



Paul Ihland-Secretary
Wolverton Telephone Company
329 Highway 75
Wolverton, MN 56594

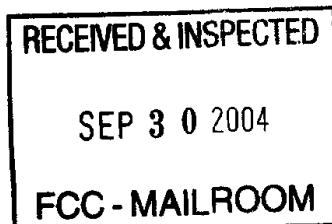
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(218) 995-2900

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION IN CASE NO. PU-439-02-441
AND BEFORE THE FEDERAL COMMUNICATIONS COMMISSION IN DOCKET NO. 96-45

AFFIDAVIT OF WOLVERTON TELEPHONE COMPANY REGARDING CERTIFICATION
OF USE OF FEDERAL UNIVERSAL SERVICE SUPPORT

State of North Dakota)
) ss.
County of Richland)




Paul Ihland, being first duly sworn on oath, does hereby declare and state upon affiant's own personal knowledge as follows:

1. Affiant is employed by Wolverton Telephone Company (hereinafter, the "Company"), in the position of Manager.
2. The Company is an eligible telecommunications carrier within the meaning of Section 214(e) of the Federal Telecommunications Act of 1996 (hereinafter, the "Act"), and the Company is eligible to receive federal high-cost universal service support (hereinafter, the "Support") pursuant to Section 254(e) of the Act. The North Dakota Public Service Commission (hereinafter, the "NDPSC") has designated the Company as an eligible telecommunications carrier.
3. Affiant is personally familiar with all of the Support received by the Company, and with how the Company uses all of Support that it receives.
4. The Company is filing this affidavit in compliance with the order of the Federal Communication Commission (hereinafter, "FCC") dated May 23, 2001 in Docket Number 96-45 (FCC 01-157) (hereinafter, the "Order"), as codified in 47 C.F.R. § 54.314, which requires certification to the FCC that all federal Support will be used by carriers within each state only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, as required by Section 254(e) of the Act and 47 C.F.R. § 54.7. The Company is also filing this affidavit in compliance with the Order of the NDPSC dated August 28, 2002 in Case No. PU-439-02-441. This affidavit is filed to facilitate the Company's receipt of federal Support for all four quarters of 2005, and for all quarters thereafter.
5. The Company hereby certifies that it will only use the Support that the Company receives during the four quarters of 2005 (and all quarters thereafter) for the provision, maintenance, and upgrading of facilities and services for which the Support is intended pursuant to and consistent with Section 254(e) of the Act and 47 C.F.R. § 54.7. The company will use the Support to support the following services, as designated in 47 C.F.R. § 54.101, throughout the Company's study area: (a) voice grade access to the public switched network; (b) local usage; (c) dual-tone multi-frequency signaling or its functional equivalent; (d) single-party service or its functional equivalent; (e) access to emergency services; (f) access to operator services; (g) access to interexchange service; (h) access to directory assistance; and (i) toll limitation for qualifying

low-income consumers.

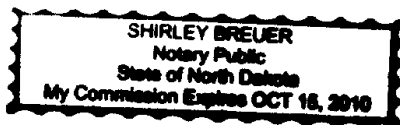
Dated this 27th day of September, 2004.

Wolverton Telephone Company

By 
Paul Ihland
Its: Manager

State of North Dakota)
) ss.
County of Richland)

On this 27th day of September, 2004, before me, a Notary Public in and for said County and State, personally appeared PAUL IHLAND, known to me to be the Manager of WOLVERTON TELEPHONE COMPANY, the corporation that is described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.



Shirley Breuer
_____, Notary Pubic
For the State of North Dakota
My commission expires: Oct. 15, 2010